On 11 October 2017, the Commission took a decision approving aid to Novo Banco, to facilitate the sale of the bank to a private investor as well as its return to long-term viability. The aid was found compatible with the internal market, in view of a number of commitments by Portugal aimed at mitigating distortions of competition deriving from aid, ensuring the long-term viability of the bank and limiting the aid amount to the minimum necessary.

The commitments, inter alia, contain a clause that Novo Banco has to apply strict executive remuneration policies and, until 30 June 2020, will not pay to any employee, director or manager a total annual remuneration higher than 10 times the average salary of employees in the bank. After that date and until the end of the restructuring period, bonus payments can be made only if targets in the viability commitments are met, in full compliance with the applicable EU law on prudential requirements.

The Commission monitors closely the bank’s compliance with the commitments with the support of a monitoring trustee, who regularly reports to the Commission. The Commission is not aware of any breach of the commitments with respect to the remuneration policies.

The way the bank provisions for its future executive pay is an internal business decision and a matter of accounting standards. These are outside the scope of the commitments given by Portugal and the limitations that the commitments impose on bank executives’ remuneration during the restructuring period. The Commission does not interfere with other business decisions and, therefore, does not pronounce itself as to the fairness of a remuneration policy if the commitments are complied with.

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